Staff Report

City of Sequim 2021 Comprehensive Plan Amendments 1/11/22

Introduction

The Growth Management Act (GMA) provides two mechanisms by which comprehensive plans can be amended. The first is an optional annual amendment process that allows cities and counties, if desired, to amend their comprehensive plans no more than once per year. The second method by which cities and counties fully planning under GMA may amend their comprehensive plans is during the required periodic amendment process which must include a complete review of a jurisdictions comprehensive plan and development regulations. Although the optional amendment process may occur annually the periodic review is required to occur every 8-years. The purpose of the annual amendment process is to keep up with amendments handed down by the State Legislator or by the Courts and Hearings Boards and to make minor adjustments due to changing local circumstances.

Both amendment processes are intended to ensure local jurisdiction's comprehensive plans are consistent with changes to population projections generated by the Office of Financial Management (OFM), local circumstances and changes to GMA either through legislative action at the State level or decisions from State Courts or the Growth Management Hearing Boards.

The periodic review, which entails a more comprehensive review of the City's land use plan, takes much more effort and is, therefore, required to occur in 8-year intervals. The City's next required periodic review is due to be completed by 2024.

The 2021 Comprehensive Plan amendment process is consistent with the intent of the optional annual amendment process which according to Resolution 2018-08 should occur at two-year intervals. The City's last amended the Comprehensive Plan in 2018. No amendments were requested by the public or staff in 2019 and in 2020 the worldwide health emergency due to Covid 19 required staff and the public to focus on more pressing needs than amending the Comprehensive Plan.

Now that it appears that the worst of COVID has passed the city advertised that it would consider amendments to the Comprehensive Land Use Plan submitted by the public by the end of business on May 31, 2021.

The city received three requests from members of the public to amend the City's Comprehensive Plan, one amendment request from City staff and one amendment request from the City Council. The amendment requests are summarized below.

¹ Amendments may occur more than once per year such as for the adoption of a sub area plan, for example.

Summary of Amendment Requests²

Amendment request CPA-21-01 is a proposed text and map amendment to change the Comprehensive Plan's land use designation for property commonly known as the Heckman Subdivision located at the southwest corner of Silberhorn Road and South 7th Avenue (see Map #1 below) from low-density residential to multi-family. Staff is proposing to address this amendment request through staff's response to CPA-21-05 to avoid amending the Comprehensive Land Use Map during the annual review process.



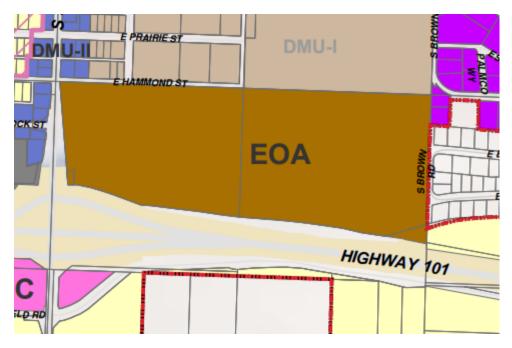
Map #1

Amendment request CPA-21-02 was not docketed by the City Council.

Amendment request CPA-21-03 is a proposed text and map amendments to the 2015 Comprehensive Plan's land use map to allow residential development independent of commercial land use activities to be developed in the City's Economic Opportunity Area (EOA). The applicant's stated purpose of the proposed map and text amendments would allow the City's two EOAs, specifically the Bell Creek EOA (See Map #2) to be developed with multi-family housing, a Recreation Vehicle (RV) park and some small supporting commercial uses such as an office and coffee shop.

Staff is bundling this amendment request with CPA-21-06 because they both require text and map amendments and due to a variety of reasons staff is recommending these be pushed off until later this year when staff is planning on initiating the required Comprehensive Plan periodic review.

² See attachment A for copies of the applicant's amendment requests.

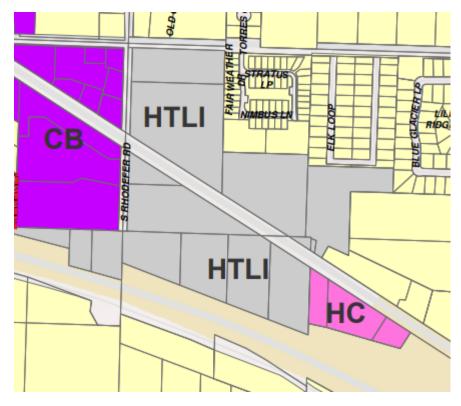


Map #2

Amendment request CPA-21-04 is a text amendment to Transportation Policy 4.3.9 Private Streets. Whether private streets should be allowed in new developments has been actively debated by the City Council since review and approval of the Lavender Meadows Binding Site Plan. Although the Council's current policy is not supportive of private streets, staff has suggested that an outright prohibition on private streets may be a policy that will not serve the city well in the future and the Council should consider allowing private streets under certain circumstances. To facilitate this flexible policy approach staff is proposing to amend Comprehensive Plan policy language prohibiting private streets anywhere in the City.

Amendment request CPA-21-05 are text amendments to the Comprehensive Plan Land Use and Housing policies to allow more flexibility in housing options in the R4-8 single-family zoning district to encourage the development of more affordable housing opportunities. Staff is proposing to address this goal by amending some policy language in the Comprehensive Plan to allow multiplexes to be built in the City's residential zoning district and multifamily housing to be built in the Community Commercial zoning district without ground floor retail/commercial development.

Amendment request CPA-21-06 is a map amendment to redesignate approximately 2.5 acres from Hight Tech Light Industrial (HTLI) to Low density residential (R4-8). Staff is bundling this amendment request with CPA-21-03 because they both require map and text amendments and due to a variety of reasons staff is recommending these be set aside for consideration during the State required periodic review of the City's comprehensive plan. Staff plans to initiate the periodic review later this year.



Map #3

Staff Discussion and recommendation regarding CPA-21-03 & CPA-21-06

As mentioned above, to facilitate review of the docketed amendment requests staff will bundle CPA-21-03 and CPA-21-06 together because they both require text and map revisions to the Comprehensive Plan. While CPA-21-01 also requested map and text amendments to the Comprehensive Plan the applicant's end goal can be achieved through staff's proposed amendments supporting the City Council's goal of providing more affordable housing opportunities throughout the city as addressed in CPA-21-05.

CPA-21-03 requests the city amend the Comprehensive Plan's land use designation for a parcel of land that is in singular ownership and is approximately 50 acres in size. The subject property is located northeast of the intersection of Highway 101 and Sequim Avenue. The property is zoned Business and Employment and is designated as a federal economic opportunity zone³. (See Map #2 above)

CPA-21-06 requests the city amend the Comprehensive Plan's land use designation for a parcel of land in singular ownership and approximately 2.2 acres in size located on the north side of East Washington Street (See Map #3 above).

Staff is recommending these two requests be docketed for consideration during the City's required periodic review of the City's Comprehensive Plan. The periodic review is required to occur no later than

³ Federal Economic Opportunity Zone designation bestows significant tax benefit to property owners who invest in developing these areas.

June 2024 and it is anticipated that this comprehensive review of the Comprehensive Plan will require assistance from consultants and take between 12 and 18 months to complete. Staff has opined on numerous occasions that the annual Comprehensive Plan review process is not the appropriate process through which significant changes to the City's Comprehensive Plan should be considered. The Comprehensive Plan is meant to guide the City's growth and development over a 20-year planning period and if the City is not disciplined in holding the line on its Comprehensive Plan land use designations until adequate consideration can be given to such requests by not only staff and elected officials, but also by the community at large the City is really not operating in good faith in regards to implementing t the comprehensive plan and moving towards realizing the City's vision for the future.

While the amendment request for the Bell Creek EOA includes a much larger property than does the request for the HTLI property staff does not believe property size is a credible justification for considering the smaller HTLI property, but not the larger Bell Creek EOA property during the annual review process.

According to the 2015 Comprehensive Plan the City's two EOAs were designated "...as venues to expand and diversify the city's economic base and increase living-wage employment opportunities." (LU 3.6.1). The HTLI area was designated to "[i]ncrease opportunities for new primary employment and local economic diversity by creating new districts for High-Tech Light Industrial use within the existing urban fabric where services and transportation are available." (LU 3.6.2).

The city has limited land zoned to support economic development other than retail, commercial and service-oriented industries. The Bell Creek EOA consist of approximately 55 acres of land and the entire HTLI zoning district is about 40 acres in size. The River Road EOA has approximately 85 acres and the Pacific Northwest National Laboratory (PNNL) property to the northeast and outside of the City limits, but within the City's urban growth boundary (UGA) is approximately 50 acres in size. All together the city has approximately 230⁴ acres for economic development opportunities other than retail, commercial and service-oriented businesses (2015 Comprehensive Plan, pg. 35).

Although this may sound like a large inventory of property for economic development (equivalent to 11 Walmart sites) some of the property is encumbered by critical areas, environmental features, and insufficient infrastructure. It is not unusual for critical areas to take significant amounts of land off the development table, and this will certainly be the case with the Bell Creek EOA due to Bell Creek and associated wetlands⁵.

In 2016 the City received a grant from the Washington State Community Economic Revitalization Board (CERB) and enlisted the services of BergerABAM and E.D. Hovee & Company LLC to study the Bell Creek EOAs existing conditions conduct a feasibility analysis and prepare a final planning report in support of CERB's purpose to "prioritize job-creating development that will pay at rates above the median wage level for Clallam County". The planning and feasibility study process involved input from a range of stakeholder as did development of the 2015 Comprehensive Plan.

⁴ This number includes the PNNL 50-acre property which is currently not in the City limits.

⁵ The Planning Report (May 1, 2018, pg. 5) prepared by BergerABAM found that 23 of the 55 acres of the Bell Creek EOA are impacted by critical environmental areas and/or will be used for streets, stormwater facilities and trails and other off-street pedestrian facilities.

The applicant for CPA-21-003 states that they want to develop a "high end" RV park and some multifamily housing. The applicant for CPA-21-006 states that they want to develop single-family residences. While housing that is affordable a city priority there are no guarantees that can be imposed on developers that would ensure affordable housing would be developed on either of these properties. An RV Park be a good investment in the area, but to take land that was identified by the community and City leaders for future economic development and job creation and develop it into a RV park and possibly some multifamily housing without a rigorous public process appears short sighted to staff.

Staff's position is that the city should take no action that would lead to significant changes to the City's 2015 Comprehensive Plan's Vision without a process in place that ensures the opportunity for robust public involvement by community members. The annual review process does not provide an opportunity for adequate public participation.

Recommendation

Staff recommends the Planning Commission recommend the City Council docket CPA-21-03 and CPA-21-06 for consideration during the State mandated periodic review of the City's Comprehensive Land Use Plan that is expected to commence in 2022.

Staff Discussion and recommendation regarding CPA-21-04

On February 10, 2020, the Sequim City Council passed a moratorium prohibiting the application, processing, or approval of any new manufactured home park. The moratorium provides the City time to develop new policy and land use regulations, which guide requirements for streets in manufactured home parks. The city held a public hearing within 60 days of the emergency action on March 23, 2020, per state law (RCW 36.70A.390).

On April 13, 2020, staff asked the Council for further direction regarding the Council's policy on manufactured home parks and private streets. The Council's directive extended the moratorium for an additional six months to allow staff to work with the Planning Commission on crafting proposed amendments to the City's manufactured home park street regulations.

On January 11, 2021, the City Council adopted new street standards that prohibit the development of prohibit private streets in new developments throughout the city. This prohibition is consistent with Comprehensive Plan policy that also prohibits private streets.

Staff's opinion is that while the Council has the legislative authority to prohibit private streets the issue related to private streets is less to do with the ownership of streets (i.e., public versus private ownership) and more to do with the City's past implementation of policy related to private streets. Staff believes that private streets may be appropriate in certain circumstances such as manufactured home parks and Master Planned Resorts and, therefore, should be allowed at the discretion of the City Council.

Therefore, staff supports amending Comprehensive Plan language that would allow private streets through City Council action. The recommended policy language amendments are as follows.

TR 4.3.9 PRIVATE STREETS

public streets afford and to reduce the potential long-term public liability of private streets. Private streets may be allowed by City Council action in developments such as, but not limited to manufactured home parks and Master Planned & Resort Communities.

Discussion: Creating subdivisions that include only public streets enhances neighborhood and community connectivity, creates shared public spaces for neighbor interaction, increases routes for community walking, and affords greater dispersion and more route options for vehicles (which enhances safety). Streets are a primary structural element of community growth that determines the community's form, operation, and character, and if streets are not primarily public, the effectiveness of this role is maybe diminished.

Private streets may be included in a well-planned_Citywide Street system that does not prevent public travel throughout the city. Much of the City's current difficulty with the existing private street system is the result of poor planning, poor implementation of local regulations and annexation of substandard unincorporated developments. None of these reasons should justify banning private streets in their entirety throughout the city.

Residents as well as visitors are confused by the distinction between public and private streets when, as is common, there is no visible distinction between the two. A requirement that all streets be public communicates to all citizens that they are welcome to move freely within as well as through their communicates. This quality ties to the community value of being friendly—residential streets are the most common opportunity to experience friendliness as the community grows.

The decision to create private streets within new sub-divisions is usually one driven by developer cost. The public street design standards often require wider travel lanes, width for on-street parking, formal curbs and gutters, and sidewalks on both sides, sometimes with the added specification that sidewalks be sepa-rated from the curb by a pedestrian buffer strip (with street trees for comfort and safety). When there is no city standard for private streets, some or many of these features are ignored in the design of subdivisions. There is a public "cost" to these exclusions . . . reduced pedestrian safety and comfort, lower com-munity visual quality, and higher levels of required street maintenance.

By 2015, 40% of streets in Sequim were private. Some of these posed significant maintenance liability due to inadequate construction. Understandably, when streets begin to fail, some homeowners look to the city to make repairs. Even when the city has no legal duty or even authority to maintain private streets, the burden felt by residents is significant.

This issue grows with the increasing age of the pri vate street system, and lack of homeowner association reserves—if there even is an active association—and deferred maintenance add to the financial liabil—ity that homeowners face.



The city's subdivision regulations are the instrument to instill the public streets requirement in all new developments.

Recommendation

Accept staff's recommended amendments to the text of the Transportation Chapter of the City's Comprehensive Land Use Plan and recommend the City Council approve the recommended amendments. The amended language would only allow private streets via City Council approval upon a recommendation from the Planning Commission.

Staff Discussion and recommendation regarding CPA-21-01 & CPA-21-05

The City Council has expressed interest in encouraging more opportunities to provide affordable housing throughout the City of Sequim and believe that allowing more opportunities to develop housing that does not consist of only detached single-family residential throughout the community will further this goal. Therefore, staff is requesting the Council consider text amendments, as necessary, to allow for more affordable housing opportunities withing the City of Sequim.

The city can encourage housing that is affordable to local schoolteachers, public safety officers, service workers and health care professionals by supporting the development of more multiplex (duplex, triplex and fourplex) development and more multifamily structures (containing more than four residential units). Although multiplexes are called multifamily structures they are treated as residential units for tax and mortgage purposes. Residential structures with more than four residential units are considered commercial properties for tax and mortgage purposes⁶.

In addition to encouraging more multiplexes, more housing options could be created by the city allowing the construction of multifamily (more than four units) structures in more zoning districts and without requiring commercial uses on the ground floor. Multifamily allows builders to provide more affordable housing options within the city by capturing economies of scale in the construction process. A main deterrent to the development community interested in building such multifamily structures is the requirement to include ground floor commercial uses for which there is little demand. The process by which this could occur remains open for discussion and can range from allowing such residential uses outright similar to the process for single-family residences or through a more rigorous permitting process such as a special or conditional use process. Staff also proposes that the name of the Community Commercial zoning district be changed to the Community Mixed Use District.

Proposed Amendments to Land Use Chapter

⁶ Multifamily properties with 2-4 units are considered to be residential buildings. Sometimes known as duplexes, triplexes, and fourplexes, 2-4-unit properties are essentially mini-apartment buildings. With separate dwellings contained within one property, a 2-4 unit can be occupied by different tenants. Although they may resemble mini apartment complexes, they are still considered residential properties. This is extremely important when it comes to financing options. A and N Mortgage.com

VISION

Parts of the Vision guide the city's future Land Use patterns:

- New homes will fill in undeveloped residential lands to strengthen neighborhoods by enhancing safety, creating more livable streets, providing opportunities for mutual support, and promoting a social fabric where "small-town friendliness" is experienced every day.
- Downtown will grow in activity and purpose not only to serve as the heart of the city and surrounding Valley but also to function as the core of a residential neighborhood that is the setting of most multi-family development.
- Greater diversity in age, household type, ethnicity, income, lifestyle, housing, mobility, and economic activity will increase community opportunities, variety, and interest.
- A wide variety of housing types will <u>be encouraged throughout the city to serve all lifestyles.</u>

 <u>Housing will, ranging range</u> from single-family homes on large lots to cottage housing, townhomes, accessory dwelling units, assisted living and <u>Downtown</u> apartments, multiplexes, and condominiums; and
- Higher density housing will be directed to locations where services, convenience, and amenities make it an attractive lifestyle choice.
- <u>To foster affordable housing opportunities and create neighborhoods marked by diversity the city</u> will seek ways to mix small multiplex housing into tradition single-family neighborhoods.

FUTURE LAND USE PLAN DESIGNATIONS, USES, DENSITIES AND PROBABLE ZONES

Land Use Designation	Typical Land Uses	Planned Density Range
Single-Family Low Density Residential (SFR_LDR)	Single-family homes; by CUP: neighborhood parks, schools, public services, special needs housing and multi-family consisting of fourplexes or smaller units.	min. plat avg. of 4 du/ac.
Lifestyle District (LD)	Housing of all varieties and density; neighborhood retail. health-care offices, clinics, hospitals; congregate care and assisted living; public services and facilities.	Only limited by height, bulk, and site requirements
Neighborhood Center (NC)	Neighborhood retail and services; multi-family housing in integrated, planned MU developments; public facilities.	Only limited by height and site requirements
Community Business Mixed Use (CBMU)	Community retail and services; public facilities and standalone affordable multifamily projects.	NA
Regional Commercial (RC)	Regional retail and services	NA
Highway Commercial (HC)	Visitor and tourist retail, service, and lodging.	NA
Heavy Comm. / Warehouse (HC/W)	Contractor yard; wholesale; warehouse; light product assembly and finishing	NA
High Tech Light-Industrial	Research, design, manufacturing, and assembly of high-	NA

value products in indoor facilities with office like

	exteriors	
Economic Opportunity Area (EOA)	High-tech light industrial, institutional, regional retail, mix of residential / retail / employment/educational.	Only limited by height, bulk, and site requirements.
Downtown District (DD)	As per 2011 Downtown Plan: full range of community- serving uses with specified exceptions.	Determined by FAR and max. height
Planned Resort Community (PRC)	Residential of varying densities and types, local retail and services, tourism activities (by master plan).	As adopted in master plan.
Agriculture Conservancy (AC)	Low-intensity agriculture; open space	NA
Neighborhood Park (NP)	Active sports and passive neighborhood recreation	NA
Major Park / Open Space (P/ OS)	Community-wide sports and passive recreation; preservation of natural areas, habitat, ecology	NA
Schools (SCH)	Public schools	NA

Fig 3.B Future Land use Plan Designations, Uses, Densities and Probable Zones

RESIDENTIAL USES

LU goal 3.2 low-density residential: Maintain Sequim's "friendly, small-town" qualities by fostering the growth of low-density neighborhoods consisting of, single and small multifamily neighborhoods that are social, walkable, and safe and provide a variety

POLICIES

LU 3.2.1 SINGLE-FAMILY RESIDENTIAL NEIGHBORHOODS

Support the character and lifestyle of existing single-family residential neighborhoods by limiting multifamily housing to fourplexes or smaller units and special housing populations such as low-income or subsidized senior housing as conditional uses and /or through innovative zoning techniques such as a planned residential development process (PRD).

Discussion: Sequim is largely a community of single -family houses predominantly developed as detached structures. This reflects both its modest growth as the center of a rural Valley where land availability for constructing houses on individual lots was great, and its lack of economic sectors and urban features that attract demographic segments that prefer compact, urban living, i.e., residing in higher-density, multifamily buildings that are set within activity centers. Although several decades of zoning allowed market-

relates to the number of units per area of land, and its rate (non-subsidized) multi-family housing on hundreds of acres of higher-density residential, commercial, and mixed-use land, only a handful of such multi-family developments exist in the city.

Nonetheless, the potential for higher- density development to change the character of existing neighborhoods undermines the confidence of residents regarding neighborhood stability in any low -density neighborhood, even if there is little market for higher-density housing.

Multi-family housing and higher density housing are not synonymous. Multi-family is any single residential structure consisting of four or more living units—it is a structure type. Higher-density housing

LAND USE

meaning is relative to its development context – a development in Sequim is higher density if it averages more than eight units per one acre of land which is generally the top end of lowdensity, single-family development in town. It is uncommon to attain an average density of more than 8-10 units per acre without building (attaching) units within the same structure. So, in Sequim, higher density invariably exists in multifamily structures.

There are two ways to address the uncertainty of past zoning practices that allowed market-rate apartments and condominiums seemingly randomly throughout city neighborhoods. Firstly, higher density is of value

Sequim is largely a community of single-family houses.

when connected to other community objectives, such as contributing to Downtown as a mixed-use neighborhood, and making those venues attractive for multi-family living relieves future market pressure on lower-density neighborhoods. Secondly, precluding higher-density, market-rate housing throughout the city's predominantly single-family neighborhoods and the strip commercial patterns that form them



edges increase neighborhood stability by reducing land speculation and deferred property maintenance.

LU 3.2.2 RESIDENTIAL INFILL DEVELOPMENT

Encourage residential infill development – <u>through new single-family and small multifamily</u> (<u>fourplexes of smaller</u>) <u>new</u> housing that fills the "voids" in the fabric of existing residential districts – both to preserve surrounding rural lands from sprawling development and to increase the efficiency (and, thus, affordability) of providing the full range of desired urban services.

Discussion: Infill development accomplishes two of the "higher-level" ambitions of citizens as they experience the City's growth: accommodating new residents that might otherwise seek housing outside the UGA which consumes the rural landscape that is the reason for Sequim's being, and to avoid the higher cost associated with the extension and maintenance of utility systems and road networks and the provision of urban services that are reflected in tax rates or lower levels of service. The UGA has the capacity to ab- sorb twenty years of population growth with new housing filling in ("infill") the many voids of undeveloped land within residential areas. without changing the character of these places.

LU 3.3.1 MARKET-RATE MULTI-FAMILY

Focus market-rate <u>higher-density</u> multi-family development to locate with-in Downtown and in the existing Lifestyle District. <u>Consider higher density housing for inclusion in the community business</u> zone east of the <u>downtown core</u>.

LU 3.3.4 DOWNTOWN NEIGHBORHOOD

Attract higher-density <u>multi-family</u> housing to Downtown to in- crease its social vitality, economic growth, and identity as a lifestyle neighborhood as well as heart of the Valley.

LU 3.5.1 NEIGHBORHOOD BUSINESS

Protect locations that have future potential for Neighborhood Business centers that not only provide shopping, eating and entertainment convenience to neighborhood residents, but also to the greater Sequim community. but also serve as venues for spontaneous social encounters among local residents where "small-town friendliness" is experienced.

LU 3.5.2 COMMUNITY BUSINESS

Provide for the major retail-and, service and high-density residential needs of the community and Valley in locations outside the district directly accessible from Washington Street, Higher

1. Proposed Amendments to Housing Chapter

VISION

Parts of the Vision guide the city's response to meeting the Housing needs of the community:

- Greater diversity in age, household type, ethnicity, income, lifestyle, housing, mobility, and economic activity will increase community opportunities, variety, and interest.
- Downtown will grow in activity and purpose not only to serve as the heart of the
 city and surrounding Val- ley but also to function as the core of a residential
 neighborhood that is the a primary setting of most multifamily development.
- a wide variety of housing types will serve all lifestyles, ranging from single-family
 homes on large lots to cottage housing, townhomes, accessory dwelling units,
 multiplexes, assisted living and Downtown apartments and condominiums.
- higher density housing will be <u>directed encouraged</u> to locateions where services, convenience and amenities make it an attractive lifestyle choice; and
- Sequim will grow as a community of all ages, from families with children, to your adults, to singles of all ages, to empty-nesters, to active seniors, to those needing specialized care, and to those nearing end-of-life.

H 6.1.1 VARIETY OF HOUSING OPTIONS

Promote a variety of housing types to serveaffordable to all segments of the population.

H 6.1.6 TOWNHOMES

Encourage townhomes in the Downtown District, the Lifestyle District and in <u>other</u> areas <u>surrounding</u> <u>near</u> Sequim's Downtown <u>such as the downtown</u> mixed-use <u>districts and the community mixed use</u> <u>district</u>.

H 6.1.7 LOW-RISE MULTI-FAMILY

Promote low-rise apartments in the Downtown District and in, the Lifestyle District and the Community Commercial District to provide access to services, shopping, and transit.

H 6.2.4 SITING SUBSIDIZED LOW-INCOME AND SPECIAL NEEDS HOUSING

Establish, define, and follow criteria for siting housing for low income and special needs populations to minimize the concentration of projects in one neighborhood <u>or area of</u> the City.

Recommendation

Staff recommends the Planning Commission recommend approval to the City Council of the text amendments as proposed to the Land Use and Housing Chapters of the City's Comprehensive Land Use Plan.

Motion #1

I move to recommend the City Council DOCKET CPA-21-03 & CPA-21-06 for consideration during the City's required periodic review commencing in 2022.

Motion #2

I move to recommend (APPROVAL), (APPOVAL WITH MODIFICATIONS), (DENIAL) of CPA-21-04, CPA-21-01 & CPA-21-05 to the City Council as presented in the staff report and as recommended by the Planning Commission.